

A BILL PUBLICATION FAST FOOD*

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Restaurant Business

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3RD ANNUAL BUSINESS LEADERSHIP AWARDS

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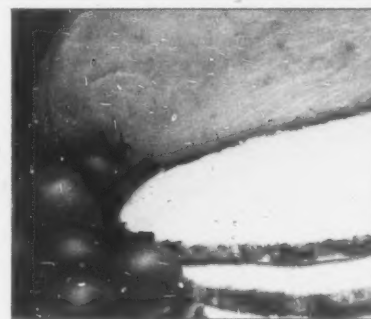
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COVER STORY Third Annual Business Leadership Awards



Congratulations to this year's winners: Jim Collins, Collins Foods Intl.; Harry Knowles, The Manor; Rich Melman, Lettuce Entertain You; Jim Nassikas, The Stanford Court; Charles Lynch, Saga Corp.; Ferdinand Metz, The Culinary Institute of America; and Joan Black Bakos, former editor of *Restaurant Business* 165



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The fast food phenomenon in Europe

by Charles Fessel

The fast food wave which threatened to overtake Europe in the 1970s has not swept over Europe, nor has it changed European eating habits to any extent.

When you study the fast food trends in the 10 most important countries of Europe, you find considerable discrepancies between individual countries. The fast food business developed relatively successfully in Northern Europe. But countries in the South were never really hit by this wave. The North-South difference is quite obvious when depicted graphically in the accompanying chart of fast food expenditures by country.

Today, the established fast food chains hold their positions so firmly that a newcomer has practically no chance to become successful.

In Southern European countries, good food is of vital importance, regardless of income or fortune. This is a reason why so much money is spent in restaurants, and it also explains why fast food restaurants have little chance in these countries.

Additionally, in Southern countries the long siesta time keeps people from being in a hurry.

In Northern countries, with increased unemployment and relatively modest, unpretentious eating habits, it was easier for fast food restaurants to develop the market.

Before fast food restaurants spread in France and Belgium there was no alternative to expensive restaurants. Even so fast food chains were able to establish units there only in major cities.

In the cities, however, the best locations for fast food restaurants are already occupied. Only the big chains are able to participate in the fight for good sites. Rents for favorable premises for good sites increased five to seven times during the last five years and may represent up to 18 percent of sales.

In the U.S., we find many fast food restaurants freestanding on suburban highways. In Europe, rules and laws are sometimes too complicated and rigorous to make such an idea feasible.

Other countries, such as Switzerland and Austria, have their traditional and popular cafe-houses. Besides excellent coffee, tea, and cakes these establishments offer snacks such as sandwiches, toasts, pizza, etc., served by waiters in a pleasant atmosphere—presenting a real alternative to fast food.

In Switzerland, with a population of six million, there are 3,000-4,000 cafe-houses. But there are only 29 fast food restaurants, represented by: Silberkugel (Movenpick of Switzerland), nine units; McDonald's, six units; Cindy (Movenpick of Switzerland), five units; Burger King, three units; Wendy's, three units; and Burgerland (Cooperative of Switzerland), three units.

In Germany, on the other hand, 17,400 snack outlets have been successfully operating in the fast food market for years. They are mostly owned by individual restaurateurs or delicatessen shops and bakeries which, in addition to their products, sell ready-to-eat food.

There are about 500 more typical fast food restaurants, or 0.25 percent of total catering trade in Germany. The fast food chains are represented as follows: McDonald's, 175 units; Nordsee (Unilever), 140 units; Kochloffel (privately-owned), 110 units; Burger King, 26 units; Wendy's, 14 units; Sam's Quick (GB Belgium), 13 units; Hamburger Farm (Unilever), seven units; Jim's Restaurant (privately-owned), five units; and other small individual concepts, 10 units.

In Germany (population in excess of 50 million), only about 20 to 25 new fast food restaurants are built each year. Some companies, such as

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Fast Food Spending in Europe	
Country	Fast Food Expenditure
England	5.7%
Belgium	5.5%
Germany	5.4%
Holland	5.0%
Sweden	4.5%
Denmark	4.5%
France	2.5%
Austria	1.5%
Switzerland	1.5%
Spain	1.0%

Sam's Quick, are suffering from financial problems, and in the last few years Burger King has reshuffled its European management several times. Considering these facts, we believe that fast food business in Germany is a drug on the market, and that only McDonald's and Nordsee will be very successful in the long run.

Great Britain is the only European country where fast food restaurants are currently profitable. The companies noted in the accompanying chart represent 70 percent of the total fast food market in Great Britain. The remaining 30 percent are individual restaurateurs.

In Great Britain there are about 2,600 fast food restaurants, representing about 1.5 percent of the total.

Most of the U.S. chains in Europe got their first foothold in Great Britain because the two countries share the same language and similar eating habits, as well as a similar fast food infrastructure, and because of Britain's economic situation.

Conclusion: If you want to know what U.S. chains are planning to do in 1986, just watch the current Brit-

Presence of Fast Food Chains in European Markets	
Chain	Percent of Fast Food
McDonald's	33.5%
Kentucky Fried Chicken	12.5%
Burger King	6 %
Nordsee	6 %
Quick Hamburger	5 %
Wendy's	2 %

ish market closely. But even in Great Britain, the fast food picture isn't the brightest. On the contrary, the situation is, at present, on the downward move. Competition is intense, since all parties are trying to get the most favorable locations. Rental costs are so high that only the top companies are able to compete.

In France, the situation is completely different. There, we find 350 fast food units. Next to the classic U.S. chains, such as McDonald's and Burger King, we find many French enterprises competing.

In 1983, some 80 fast food restaurants of different types opened under the "O'Kitch" name, operated by former McDonald's franchisee,

Raymond Dayan, who took on this new name after having lost his McDonald's franchise.

McDonald's is still looking for good localities in Paris, which—even for it—is very difficult. The largest French meat manufacturer, Socoba, just opened a chain called Free Time. They plan to open 12-15 new units a year. Grand Basar of Belgium, with 21 quick restaurants, is now trying to find out whether opportunities in France are better than in Germany.

Vie de France, owner of Le Moulin de Paris, has had little success in Europe, and is now concentrating on markets in Japan and the U.S. The Franchette program of Le Moulin de Paris (stuffed croissants) is trying to gain a foothold in France.

Brioche Doree of France has developed another croissant program with 60 units. Since the market is quiet it will try to open units in the U.S.

In Belgium, Quick-Hamburger has approximately 40 units and McDonald's has 10. Wendy's and Kentucky Fried Chicken have closed their Belgian units.

The future for fast food business in Europe doesn't look too bright and, in the long run, the market is definitely trending downward. The leading positions are held by U.S. chains like McDonald's who are far ahead of any competitive European company.

On the other hand, we foresee many changes in the restaurant business relating to theme restaurants, family restaurants, and department store and supermarket catering. We will discuss these developments in a future issue of *Restaurant Business Magazine*.

Presence of Fast Food in Great Britain	
Fast Food Company	No. Units
Wimpy International (United Biscuits)	467
Kentucky Fried Chicken	365
Little Chef (Trust House Forte)	200
McDonald's	150
Pizzaland (United Biscuits)	80
Happy Eater (Imperial Group)	37
Burger House (privately-owned)	30
Silver Great (United Biscuits)	26
Grispin's (Manor Caterers)	25
Mr. Chip (Manor Caterers)	19
Huckleberry's (Grand Metropolitan)	16
Mr. Big (privately-owned)	16
Seafarther (Assoc. Fisheries)	15
Wendy's	13
Casey Johns (British Rail)	10
Burger King	9
Burgerpark (privately-owned)	6
Burgerland (privately-owned)	5
Privately-owned units or new concepts	100

Market Segment Report

Sweet paradox proves profitable

by Jacque White Kochak

Healthy, weight-conscious customers are rewarding themselves for exercising and sticking to their diets by indulging in sinfully rich and satisfying ice creams, baked goods, and dessert confections.

Paradoxically, the same well-heeled, sophisticated customers who are fueling the growth of healthy foods restaurants are also propelling the growth of chains specializing in super-premium ice creams and other sweets, and causing restaurants to feature an array of luscious desserts.

"Why? We are a treat for people who have burned off all those calories," claims Jonathan Breiter, vice president of marketing for New York City-based Steve's Ice Cream.

"We were approached to put an outlet in a major fitness center. We thought that was incongruous. But we were told that people want to reward themselves for all that hard work."

Steve's is among the companies that pioneered what is clearly one of the hottest trends in the ice cream segment, "mix-ins." The 38-unit chain, with units primarily in the Northeast and Midwest but expanding nationwide, makes 50 ice cream flavors on-premise offering 12 flavors daily on a rotating basis. Part of the fun is watching the ice cream scoopers mix in additional ingredients such as crushed candy bars, pea-ut butter cups, or fresh fruits.

Steve's, acquired in 1983 by Integrated Resources (which develops and markets investment programs, life insurance, and annuities), plans to develop 100 units in the next year, most of them franchised.

Super-premium ice cream is accounting for most of the growth in the ice cream segment. Part of the reason is that besides being a reward, super-premium ice cream satisfies a hunger for quality. This has been called a trend toward "high touch," or all that is homemade and wholesome.

The super-premium ice cream, distinguished by a high butterfat content and low air content, is being

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Hammerheads, in Monterey, Calif., offers customers an "all-you-can-eat" chocolate bar.



joined at the upper end of the ice cream segment by chains serving Italian-style ice cream—gelato—which is distinguished not by butter-fat content but by density (overrun) because they contain almost no air.

Because customers have shown that they are willing to indulge themselves, several upscale ice creameries are adding additional seating and expanding dessert cafes, with cakes and pastries.

The ice cream giants, those well-established national chains appealing to a broad-based market, are also healthy though not growing as fast as the super-premium sub-segment. According to one ice cream industry expert, sales of super-premium ice cream increased 17 percent last year, compared to only a two percent increase in the total market.

According to data prepared by Crest, which tracks the percent of eating-out occasions when ice cream is ordered, verifies that, overall, ice cream consumption has not been on the upswing in the last few years. Between 1978 and 1984, customers consistently ordered ice cream (with dinner or at an ice cream parlor) between seven and eight percent of the



A&W is opening Allen & Wright Ice Creamery stores in existing units.

times they ate out.

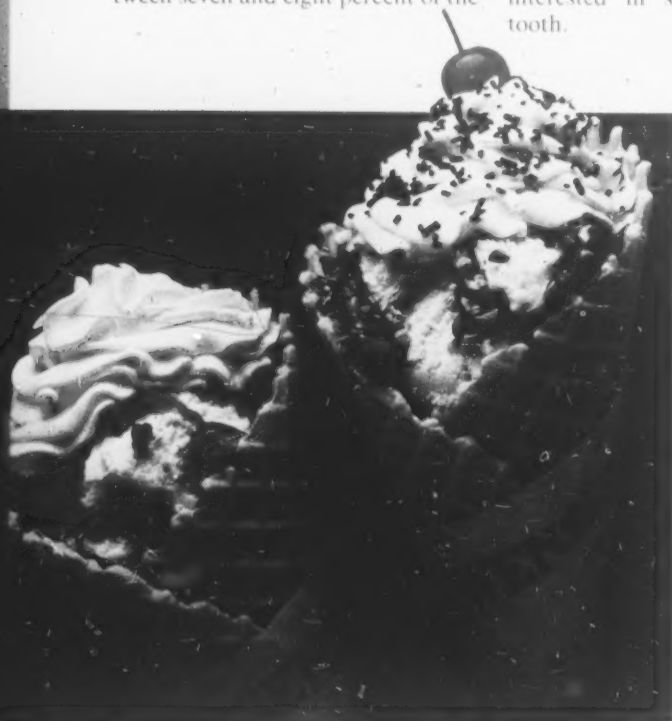
However, that may be changing. There is a feeling of optimism in the industry as many insiders agree that the average consumer seems more interested in soothing his sweet tooth.

"In the last 18 months traffic counts are up," says Harris Cooper, president of giant International Dairy Queen. "For the ice cream segment as a whole, sales have been either flat or on the decline for 15 or 20 years. I'm sure that what we're seeing is a change in the psychographics of the consumer."

Crest data also shows relatively steady consumption of other desserts (they are ordered on six to seven percent of dining out occasions), but that may very well change as quality baked goods and desserts become more common.

Emerging retail bakeries are adding seating and expanding their menus, calling themselves bakery/cafes. The bakeries are filling a void in many areas by introducing fresh-baked specialty breads and pastries to baby boomers raised on supermarket white bread. The chains are providing a quality product with streamlined methods, often employing skilled bakers in a central bakery and then providing frozen dough to be finished off at the unit level.

Chains in the donut segment continue to do well, although they have been affected somewhat adversely by the interest in nutrition and fit-



Swensen's new waffle-cone sundae has become a popular item.

ness. They've also been affected by the growth of fast food breakfast, which has eaten away at their traditional customer base—people looking for a quick breakfast. In response, they have expanded their lines of baked goods and—in some cases added lunch.

As far as desserts in general, customers seem to love lavish, high-quality treats. "If people are going to have dessert, they want something rich. They want the real cream, the fresh chocolate. They don't want a little bowl of sherbet," says Terry Cera, a spokeswoman for Phoenix's Big Four Restaurants, whose Upper Crust Bakery supplies all the company's units with signature desserts.

Ice cream

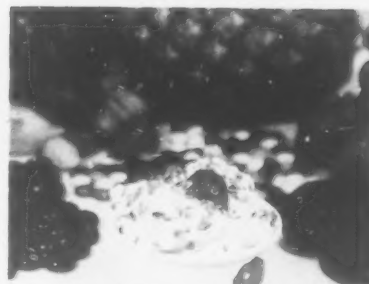
Dairy Queen continues to dominate the ice cream segment because of sheer number of units (almost 4,800) and sales (almost \$1.4 billion). Nobody else even comes close. Forty-six new units opened in 1984, and sales were up eight percent. A major product innovation for Dairy

Queen is the "Blizzard," a variation on the popular mix-in practice, says Cooper. Dairy Queen's frozen dessert is blended by machine at high speed with various candy bars then served to the customer in a cup.

Dairy Queen has also responded to the trend toward super-premium offerings by introducing the "Queen's Choice" line to 1,500 units. Tested and rolled out over two years ago, the product now accounts for six percent of sales.

Baskin-Robbins, with 3,200 units worldwide, has always offered French vanilla and chocolate fudge, which it classifies as super-premium. The chain has no plans to offer more super-premium flavors and, in fact, has gone the other direction to offer a low-calorie diet dessert called "Special Diet," containing less than 1.5 percent butterfat.

Baskin-Robbins, with 1984 sales of \$470 million, is continuing a steady expansion rate, with from 150 to 175 units to open in 1985. Emphasis is being placed on refurbishing and updating of units.



Steve's

Steve's was one of the first ice cream chains to offer "mix-ins."

Chicago-based Bresler's 33 flavors, with 400 units and 1984 sales of \$65 million, is one chain that tested a super-premium offering but pulled back. "Our shops are located in mid- to lower-income areas, and customers wouldn't pay the price we had to charge," says Albert Till, vice president and director of marketing. "There just wasn't a significant market in our shops for the product."

More important to Bresler's now is the "Struttin' Sundae," a giant homemade cone with a double dip sundae inside for \$1.99.

Phoenix-based Swensen's Ice Cream, with 387 units and 1984 systemwide sales of \$99.6 million, has also introduced a waffle-cone walk-away sundae that sells for between \$2 and \$2.50. The company is still testing an 18 percent butterfat super-premium line in its parlors, but is continuing to evaluate the product because of dissatisfaction with the flavor mix. Swensen's is also looking at a tofu-based product as well as a "mix-in" section. The company also is test marketing its ice cream in supermarkets in Arizona.

Swensen's expansion is continuing apace, with 50 units opened last year and about the same number to open this year.

Haagen-Dazs, the leader among the super-premium ice cream chains, boasts 300 units in 32 states. The chain, founded by Reuben Mattus in Brooklyn in 1970 and acquired by Pillsbury in mid-1983, generated about \$70 million in sales

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Atlanta-based Chocolate Chip Company is among the largest cookie retailers.

during the year 1984.

Jay Tenenbaum, national marketing manager, says that Haagen-Dazs' expansion will continue at a "relatively aggressive but prudent rate" in key existing markets. Haagen-Dazs started all the fuss about super-premium ice cream several years ago with its 18 percent butterfat, low-overrun, all natural ice cream. Tenenbaum says that as soon as high-quality, low-overrun ice cream was identified as a growth market, the number of companies producing the product skyrocketed. He expects a "meltdown" or shake-out to begin occurring by next winter with only the strong, established chains able to maintain their share of the market.

Randall Stuart, director of mar-

keting for Frusen-Gladje Ltd., concurs with that assessment. Lyndenhurst, N.Y.-based Frusen-Gladje, with 50 dipping stores, recently sold its trademark and formula to Kraft Inc., but retains rights to all bulk sales to dipping stores, restaurants and institutions. The company also retains rights to franchising the network of dipping stores.

The sale gives Frusen-Gladje a significant infusion of cash to step up expansion, as well as the benefit of Kraft's nationwide advertising of the Frusen-Gladje name. The super-premium pints distributed through supermarkets—the portion of the business purchased by Kraft—accounted for 90 percent of Frusen-Gladje's sales.

Plans call for having 100 units

open by the end of 1985, with two-thirds being franchised.

Frusen-Gladje has also added a new tofu-based dessert called Gloria Vanderbilt Glace. The nondairy frozen dessert comes in nine flavors and actually was developed from a recipe that Gloria Vanderbilt shares with her friends and family.

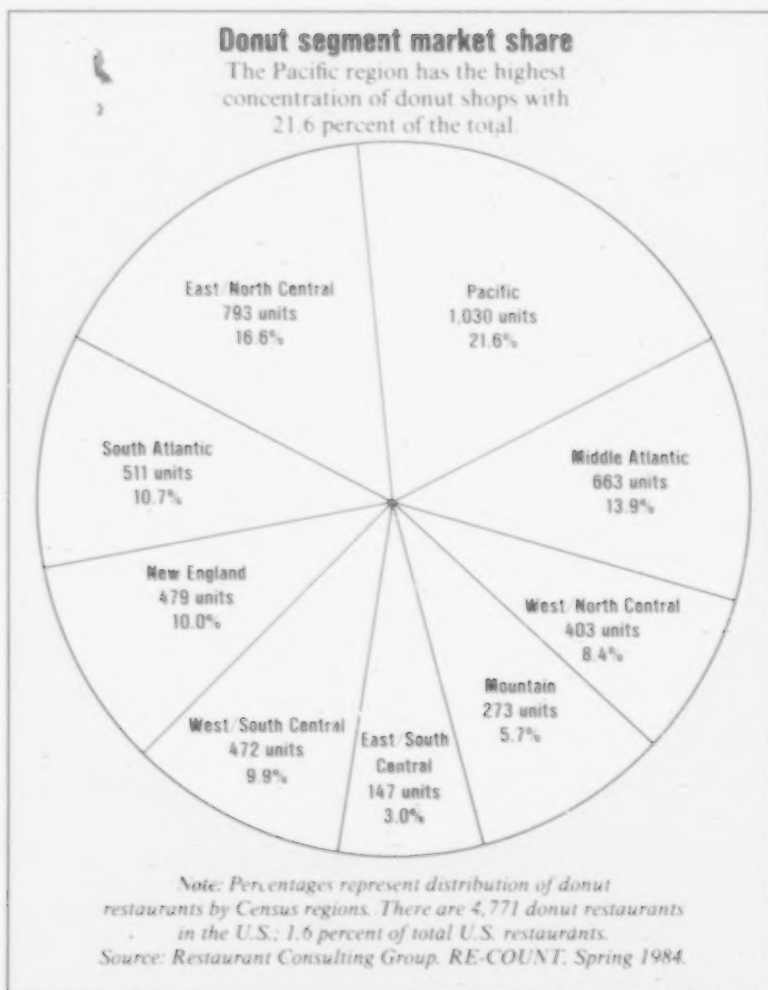
In addition, Frusen-Gladje is putting a mix-in section into all its stores. The candies are mixed in by machine rather than by hand. Franchisees can also carry a full line of baked goods including pastries, muffins and croissants to round out daily sales and offset ice cream's seasonality. "We will position ourselves as a gourmet dessert shop," says Stuart. "The pay-off is sales increases of 20 to 30 percent."

Up and coming is Larry's Olde Fashioned Ice Cream Parlours, based in Tampa. Founded in 1981, the company boasts 47 units, all franchised with most located in Florida. Another 30 units are under various stages of construction and expected to open by the summer.

Larry's is distinguished by its unusual varieties of ice cream and parlor design which recreates the ambience of a 1940s or 1950s soda fountain, with dining rooms dominated by a solid oak bar and matching hand-carved backbar.

Other emerging regional chains include Vermont-based Ben & Jerry's Homemade Inc., which established itself as a feisty competitor by advertising "What's the Doughboy afraid of?" when Pillsbury's Haagen-Dazs tried to keep two of its distributors from carrying the new competitor; White Mountain Creamery and Herrell's out of Boston; Double Rainbow on the West Coast; and New York City-based Custom Creamery Flavor Factories.

Among emerging gelato chains are San Francisco-based Gelato Classico and Encinitas, Calif.-based Gelare. Both chains produce an ice cream with relatively high butterfat and absolutely no air pumped in. By contrast, sources say, Haagen-Dazs ice cream is about 20 percent air and Baskin-Robbins ice cream is about 50 percent air. The result of elimi-



nating air is a heavier product, served slightly warmer, with a taffy-like consistency.

Gelato, Classico, established in 1976, has 30 units, primarily in California but with outposts in Utah, Arizona, Texas, Michigan, Georgia, and Colorado. Vice president Jeanne Hefferman is rather close-mouthed about expansion plans, saying only that expansion will continue across the country. She also won't disclose 1984 sales.

Gelare's L. Douglas Keeney, executive vice president of sales and marketing and a co-founder of the concept, is more loquacious but also won't reveal sales figures. He says that Gelare's mandate is to "stand on the shoulders of Ruben Matfus and produce a new and better product, not just copy Haagen-Dazs."

Like Haagen-Dazs and Frusen Gladje, much of Gelare's success has come in the frozen foods department of supermarkets. However, Gelare also operates 16 dipping stores and is testing dessert cafes offering a full range of quality desserts. Such baked goods as croissants, cinnamon swirls, and Danish are baked off in an activity center in full view of customers. The Gelare Ice Cream Cafe, located in La Jolla, Calif., seats 20.

Keeney predicts that the industry will soon see a lot of "piggybacking," with ice cream concepts located inside or alongside other concepts.

One chain that is taking just that approach is A & W Root Beer, which two years ago entered into a franchising agreement with White Mountain Creamery. Ice cream centers are located right inside the door of five of A & W's "Great Foods" units, and according to Roger Chapman, director of marketing, the ice cream generates 10 to 20 percent in incremental sales.

The ice cream stands are treated as modules within the units, and Chapman says that the company is suggesting that some 600 A & W franchisees add the module to their units. "It's a tremendous revenue-building opportunity," he says.

A & W is also among those who have added a giant waffle cone,

baked continually in full view of customers. Sundaes in a waffle cone cost \$2.50.

Though the franchisor is White Mountain, the name of the A & W modules is Allen & Wright Ice Creamery to avoid confusion, says Chapman.

Another fast food company drawing significant incremental sales from ice cream is Columbus, Ohio-based G.D. Ritz's, with 85 units in 12 states. Another 40 or so units will open this year, says Tom Santor, vice president of marketing.

G.D. Ritz's bills itself as upscale fast food with a soda parlor atmosphere and a menu including chili, hot dogs, hamburgers, and a "gourmet" peanut butter and jelly sand-

wich. Year-round, some 35 percent of sales derive from the soda fountain, with a variety of shakes, sodas, and sundaes, and that percentage zooms to 40-45 percent in the summer, Santor says.

Bakeries

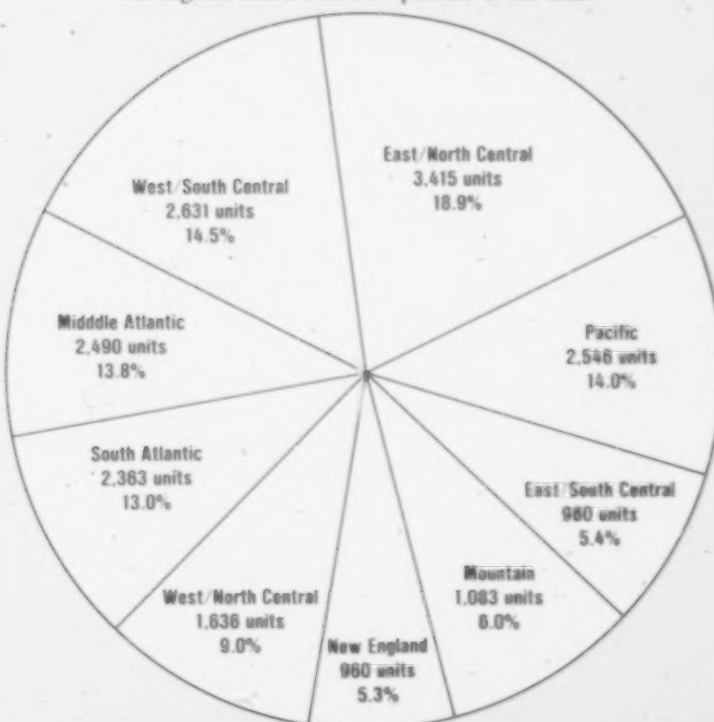
Specialty baking requires a skilled baker, which may be a vanishing breed. Yet several bakeries serving a luscious variety of croissants, breads, and pastries are expanding as demand increases. Typically, they supplement the baked goods menu with espresso, juices, croissant sandwiches, quiches, and other luncheon sandwiches.

To circumvent the need to have a

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Ice cream segment market share

Concentration of ice cream establishments occurs in Middle Atlantic/East-North Central and West-South Central and Pacific regions. E/N Central has highest share with 18.9 percent of the total.



Note: Percentages represent distribution of ice cream restaurants by Census regions. There are 18,104 ice cream restaurants in the U.S.; 6.0 percent of total U.S. restaurants.

Source: Restaurant Consulting Group. RE-COUNT, Spring 1984.



California-based Gelare is testing a dessert cafe with 20 units in La Jolla.

skilled baker on-premise at every unit, some of the bakeries are using a central bakery, complete with highly skilled specialists, then shipping frozen dough to units to be finished off, baked, and decorated.

One example is Stamford, Connecticut-based Paris Croissant, a subsidiary of France's La Brioche Dorée. The units sell flaky, butter-rich croissants, brioches, turnovers, breads and quiches as well as salads, herb teas and fruit juices.

Worldwide, La Brioche Dorée boasts 120 units in Western Europe and Canada. So far, seven company units have opened here, six in New York City and one in Boston. Franchising plans call for 200 franchised units in the Northeast, 30 of those opening in 1985.

Paris Croissant's baked goods are notable for their quality, which is ensured by the fact that a central bakery in Montreal makes the dough and shapes the croissants and brioches. The bakery, capable of supporting 200 units, ships the dough frozen.

Paris Croissant has attracted a considerable following, with units posting volumes of from \$500,000 to \$1.5 million on average checks of \$2.50, says Jean-Pierre Jonqua, vice-president for development and president of the franchise corporation.

Also using a central bakery is Long Island-based Glass Oven International, a subsidiary of Minute-

man Press. Minute-man Press is a franchisor of quick-printing shops, which may seem an unusual fit; however, the parent company was attracted to Glass Oven precisely because very little baking skill is required and the shops can be franchised to businessmen, not bakers.

Glass Ovens offer fresh baked breads, rolls, croissants and Danish along with various pastry items, cookies and cakes. The units also serve fresh ground coffee, and a selection of luncheon items. The biggest drawing card is that customers actually see items being baked in glass ovens behind the counter. The company currently has 30 units, with 20 more to open in 1985.

One emerging chain that is going the way of training bakers—in fact, sending some of them all the way to Italy—is San Francisco's Il Fornaio. There are 400 bakeries called Il Fornaio in Italy, and this empire of bread has crossed the ocean under the auspices of cookware manufacturer Williams-Sonoma.

Currently, there are 12 units in San Francisco and Southern California. The units, with bakery equipment made in Italy, turn out an ever-changing assortment of Italian regional breads and pastries, ranging from cornetti (croissants filled with choice of fruit jams, freshly ground almond paste or custard) to focaccias—similar to pizza topped with everything from artichokes and

mozzarella to rosemary and garlic—to almond-paste cookies called bocche di lupo (wolves' mouths).

Another chain with a foreign twist, at least in the name, is Vie de France, based in Virginia and specializing in croissants. Vie de France operates 32 retail bakeries, several of them under the name "Fast 'N Fresh," a concept which incorporates sandwiches. The six new units that will open this year will all be "Fast 'N Fresh."

Vie de France is also a major supplier to other restaurants, 18 wholesale bakeries providing 1,800 customers with frozen dough and another 4,000 with fresh baked goods. Another 1,000 customers buy frozen baked goods, according to Lloyd Faul, president.

Total 1984 sales for the company were \$55.7 million. The retail bakeries, which occupy 400 sq. ft. and produce cookies, croissants, brioches, and other baked goods from frozen dough, generated \$6 million in over-the-counter sales in 1984, Faul says. In the Fast 'N Fresh units, he adds, over-the-counter sales account for about one-third of total sales.

A more American-style baker is Chicago-based Cookie Factory and its sister concepts, the Bakery Cart and the French Baker. There are currently 80 Cookie Factories in 21 states, all in office buildings, malls and downtown urban areas. Joel Rifken, the company's president, projects that the number of units will double in the next 18 months.

The Cookie Factory specializes in cookies, as the name implies. The Bakery Cart is an expanded concept that sells croissants, cookies, and pastries, and the French Baker is a full-service restaurant specializing in baked goods. All three concepts can be franchised as a package in the same mall.

Cookies alone are a popular snack, with units usually found in mall locations. One of the biggest retailers is The Original Great American Chocolate Chip Company, headquartered in Atlanta. The 254-unit chain will open 75 units every

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Steve's offers 50 ice cream flavors made on-premise and rotated daily.

year for the foreseeable future, says Renee Berry, director of marketing.

The chain offers six varieties of chocolate chip cookies as well as 12-in., 16-in. and pan size varieties that are custom-decorated and sold as edible greeting cards.

The popularity of cookie outlets was thought to be a fad, says Berry, but their longevity has cancelled that notion. Among other cookie retailers are Mrs. Field's in the West, David Cookies out of New York City, and Famous Amos which primarily sells to other retailers rather than operate its own units.

Donut concepts

Donut concepts have slowly been moving into position as full line bakers. An example is Dunkin' Donuts, with 1,359 units and sales of about \$532 million, making it the largest donut chain in the country. The company currently is introducing fresh croissants to stores in the North Atlantic and Northeast areas, and biscuits to the South and West. The croissants come with chocolate, almond, or jelly filling or as luncheon sandwiches; the biscuits are dressed up as breakfast sandwiches.

Donuts contain a lot of sugar, and suffer from the image of "junk food," and that is one of the reasons Dunkin' Donuts has expanded its offerings, says Sidney Feltenstein, senior vice president of marketing.

That image, however, certainly hasn't hurt the chain; its growth rate has been impressive, thanks to improved operating standards, new product introductions, remodeling of stores, and a dramatic increase in its advertising budget.

Winchell's Donuts, a subsidiary of La Mirada-Calif.-based Denny's Inc., has also been expanding its offerings. A relatively new bakery line includes cheesecake, brownies, banana nut bread, chocolate/chocolate loaf, blueberry muffins, and a bran loaf. The company is also testing breakfast sandwiches served on an English muffin and a luncheon sandwich is still in test.

Winchell's currently has 840 units, with 25 or so company-owned units to open this year. An important development is that Winchell's is beginning a new franchising program to achieve more rapid growth. The move comes partly as a result of Denny's recent leveraged buy-out and the tightening up of capital available for opening new units. Winchell's 1984 sales were close to \$200 million.

The other major player in the donut segment is Minneapolis-based Mr. Donut, with 656 units in the U.S. and internationally. At the end of the fiscal year, 529 of those were located in the U.S.; 1984 sales are not disclosed. Mr. Donut is continuing to roll out muffins, a variety loaf,

butter cookies, croissants, and different flavors of bagels as well as soup and biscuits. The company is enhancing the image of units.

Other sweets

Sweet snacks cover an unbelievable spectrum, from frozen yogurt to frozen bananas. Many restaurants have successfully enhanced their business with lavish dessert programs and signature items. Luxurious Nipper's in Beverly Hills, specializing in champagne and caviar, has an absolutely sinful chocolate cake; L.A.'s upscale Ivy has a whole bakery, under the banner of L.A. Desserts, turning out goodies.

One company that specializes in desserts is Phoenix-based Big 4, which founded a bakery called The Upper Crust to cater to its various concepts. The bakery alone generates \$1 million in sales a year, says spokeswoman Terry Cera and the desserts have boosted check averages by about two percent in the last two years.

Big 4's desserts range from a carrot cake with buttercream frosting and nuts served at Oscar Taylor's to a rum-soaked tier cake, laced with fruit, called Zuppa Inglesa served at Pop's, to the "To Die For" chocolate cake at The American Grill.

Big 4's 12,000-square-foot bakery utilizes two delivery trucks to distribute the fresh pastries.

Also drawing attention with its desserts is Hammerhead's in Monterey, California. Hammerhead's specialty is the "chocoholic bar," a self-serve bar with some 20 varieties of chocolate desserts ranging from chocolate cheesecake to chocolate petits fours, chocolate truffles, and macadamia chocolate tortes. Six apothecary jars are filled with a variety of candy. An ice cream machine and a hot fudge warmer are built right into the bar.

Owner Glenn Hammer says that chocoholics are "coming out of the closet." The chocolate bar is priced at \$4.95 with lunch or dinner, and \$6.50 a la carte. Believe it or not, some people order it as an entree. One-third to one-half of customers partake of the chocolate bar.